



During the 2013-2014 proxy season Trillium filed more than two dozen shareholder proposals with publicly traded U.S. companies and engaged with scores more through direct outreach, sign-on letters and in-person meetings. Our corporate engagement addressed a wide range of issues including climate change, board diversity, workplace discrimination, political and lobbying spending, privacy and data security as well as indigenous rights. Following are some highlights:

BOARD DIVERSITY

A number of recent studies underscore the correlation between strong corporate governance and board diversity with financial health. Trillium filed and successfully withdrew board diversity shareholder proposals at **Westinghouse Air Brake Technologies Corporation** (Wabtec), **Cree** and **Cerner** after the companies made public commitments to board inclusiveness to ensure that women are included as part of every board search.

When we filed our proposal at Wabtec, the company had no women on its board of directors. Following a successful dialogue the board agreed to amend its governance documents to include a clear definition of diversity, inclusive of gender and race, and make diversity an intentional part of board nominee search criteria, which allowed us to withdraw the proposal.

In the spring of 2013 we filed a similar proposal at Cree, a leading manufacturer of LED lighting. Following a constructive dialogue which included Cree's Board Nominating Chair and a representative of the 30% Coalition, a national advocacy organization, we successfully withdrew the proposal in exchange for the company's commitment to include gender and race in their governance charter. We are pleased that Cree added its first woman board member in December 2013.

CLIMATE CHANGE — ENERGY CONSUMPTION

Companies that manage GHG emissions build resilient supply chains, reduce costs, manage operational and reputational risk, and can create new products and services.

We filed shareholder proposals at **Church & Dwight**, and **Lowe's***, asking the companies to set quantitative goals for reducing greenhouse gas emissions (GHG). Lowe's committed to setting a scope 2 reduction goal (emissions from purchased electricity), which targets the largest portion of the company's emissions. Following these commitments we successfully withdrew our proposals. We also successfully withdrew our proposal at Valmont Industries asking the company to provide greater disclosure around the measurement and mitigation of its GHG emissions.

CLIMATE CHANGE — ENERGY PRODUCERS

Fugitive methane emissions from natural gas production have an estimated 86X greater impact on global temperatures than CO₂, over a 20-year period. Recent studies have shown compelling evidence that natural gas companies — a significant source of these emissions — can reduce methane emissions and increase financial returns at the same time.

Trillium has spent the past two years pressing energy companies to disclose how they manage fugitive methane emissions and to set targets for reducing those emissions. The proposals regularly win strong votes — **Spectra Energy 29.4%**, **EOG Resources 28%**, and **Oneok 30.7%** — which provides us with a strong basis for pressing them to take meaningful action.

INDIGENOUS RIGHTS

Two significant developments have occurred regarding the proposed Pebble Mine in Bristol Bay, Alaska. The colossal open pit mine would risk the habitat of the largest wild

Wabtec values constructive dialogue with its shareholders and commends Trillium for its dedication to shareholder issues. We are highly committed to principles of diversity as part of our drive to create sustainable value for all of our shareholders. As part of this commitment our Board believes that a diverse membership with varying perspectives and experiences is an important Board attribute."

— Albert J. Neupaver, Chairman and Chief Executive Officer of Wabtec

2013–2014 Corporate Engagement Highlights

sockeye salmon fishery in the world, which is sustainably managed and central to the life of the Alaska Natives in the region. Protecting this national resource is important for the economy, sound resource development and the finances of companies that sell salmon.

Trillium was part of a coalition that led a group of investors, successfully calling on the Environmental Protection Agency to initiate a Clean Water Act 404(c) review for the proposed project. The agency's announcement of a scientific review closely followed mining giant Anglo American's announcement that it is withdrawing from project. These developments cast a cloud of deep uncertainty over the project's future.

Working with the Oneida Tribe of Indians of Wisconsin, we continue to press **FedEx*** regarding its sponsorship of the Washington, DC NFL team. We are asking the company to join the growing call for the team to stop using the term "Redskins" which is a racist and deeply offensive term. The issue is gaining a great deal of public attention, including comments from President Obama. The Washington, D.C. City Council has also unanimously approved a resolution condemning the name. In May 2014, 50 U.S. Senators sent a letter to NFL Commissioner Roger Goodell urging him to push for a name change.

LESBIAN, GAY, BISEXUAL, TRANSGENDER (LGBT) WORKPLACE POLICIES

We have had several recent successful engagements with companies asking them to include protections for sexual orientation and gender identity in their nondiscrimination policies and codes of conduct. We believe that corporations that prohibit discrimination on these bases have a competitive advantage in recruiting.

Following a productive engagement, **Middleby** agreed to update its written policies. Similarly, a successful dialogue with **Factset** led the company to amend its code of ethics to include gender identity and expression. Recently, our LGBT non-discrimination shareholder proposal went to a vote at **National Fuel Gas**, receiving 33.6%. Trillium will continue to press National Fuel Gas to provide these basic protections for its workers.

POLITICAL AND LOBBYING SPENDING TRANSPARENCY

Continuing our years of work on political and lobbying spending, including significant successes at many companies, we filed six shareholder proposals: **Hess** (political contributions), **Amgen** (lobbying spending), **Marathon Petroleum** (lobbying spending), **Emerson Electric** (political contributions), **Motorola Solutions*** (political spending), and **Yahoo!*** (political spending). Our proposals at Marathon Petroleum (47.7%), and Emerson Electric (47%) received some of our strongest votes of the year.

We are pleased to have successfully withdrawn our proposal at **Hess** following commitments from the company to fully disclose its trade association memberships and the other tax exempt organizations which it makes contributions to, as well as the portion of those payments that are used for political activities. In an important victory, we successfully withdrew our proposal at **Amgen** as it has fully implemented best practices in lobbying spending disclosures in response to our engagement. We are also pleased that following our dialogue with Endo, the company has left the American Legislative Exchange Council (ALEC).

PRIVACY

Following revelations of widespread government surveillance programs, Trillium led a group of investors calling on **AT&T** and **Verizon*** to issue annual "Transparency Reports" about government requests for user information. The proposals noted that government data request reports are now published regularly by Internet companies including Google, Microsoft, Twitter, LinkedIn, Facebook and Yahoo!. Until recently, neither AT&T nor Verizon publicly disclosed the extent and nature of information that they provided to the government. Following our engagement with the companies, AT&T and Verizon both announced that they would be issuing transparency reports. We were able to successfully withdraw the proposals when the companies met their commitments and issued their first transparency reports. These reports provide useful information and we believe that they will help the companies begin the process of rebuilding user trust.

In addition to engaging with our core portfolio companies, Trillium also conducts advocacy on selected companies (identified with an "") that are not in our core portfolios but are held as legacy positions in client portfolios. These are companies that may not meet our minimum social and environmental criteria, but that we still seek to improve. The information provided in this material should not be considered a recommendation to buy or sell any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable.*



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